

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050005531-01

TO: Department of Enforcement
NASD

RE: Chad Eugene Miller, Respondent
General Securities Principal, CRD No. 3167130

Pursuant to Rule 9216 of NASD Code of Procedure, Chad Eugene Miller ("Respondent"), submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against me alleging violations based on the same factual findings.

I understand that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC

is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

Chad Eugene Miller entered the securities industry on December 1, 1998, as an associated person of Terra Nova Trading, LLC ("Terra Nova"), a NASD member firm. Miller passed the General Securities Representative ("GSR") exam on or about January 19, 1999, and the General Securities Principal ("GSP") exam on or about March 23, 1999. While he was still registered with Terra Nova, Miller became dually registered with former NASD member firm Touchtrade.com, Inc. ("Touchtrade") on or about September 25, 2001, as a GSR and GSP. Miller voluntarily terminated his registration with Terra Nova on or about August 21, 2002. On or about September 19, 2003, while he was registered with Touchtrade, Miller became dually registered with NASD member firm Great Eastern Securities, Inc. ("GES") as a GSR and GSP. Miller remained registered with Touchtrade until the firm was expelled from NASD membership for failure to file its annual audit on or about December 20, 2004. Miller remains registered with GES.

Miller has not been the subject of prior disciplinary action by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegation against him;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and

- D. To appeal any such decision to the NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

II.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by NASD:

Background

In or about 2001, a company that Miller controlled acquired Touchtrade. As a result of the change of ownership, on or about January 15, 2002, Touchtrade, acting through Miller, submitted to NASD a Continuing Membership Application ("CMA"). NASD's Denver District Office approved Touchtrade's CMA on or about June 7, 2002. At the time of the approval of the CMA, Miller intended to continue Touchtrade's operations as an independent broker/dealer, selling general securities by providing an online trading platform to its customers. In furtherance of its business, Touchtrade had created a website, which would have allowed the firm's customers to trade online. The website referenced Touchtrade, explained that it was a member of NASD and SIPC and also explained how to open accounts with the firm.

Subsequent to the CMA's approval, however, Miller made a decision to open his business as a branch office of GES, *doing business as* Touchtrade. Touchtrade would not be an independent broker/dealer as had been planned at the time Touchtrade's website was created. As a result of this business decision, although Touchtrade remained an approved broker/dealer, it never conducted a business.

After Miller's decision to open as a branch office of GES, *doing business as* ("d/b/a") Touchtrade, he allowed his GES customers to use the Touchtrade website to open accounts and conduct online trading. However, Miller failed to revise the Touchtrade website to reflect that Touchtrade was not an independent broker/dealer. The website did not disclose that Touchtrade was Miller's d/b/a and that all securities business were being executed through GES.

Miller kept all of Touchtrade's registrations with NASD current through December 31, 2003. In December 2003, however, Touchtrade did not file its 2003 annual audit. On April 19, 2004, Touchtrade's NASD membership was suspended as a result of its failure to file the 2003 annual audit. Touchtrade was expelled from NASD membership effective December 20, 2004.

Communications with the Public

1. NASD Conduct Rule 2210(d)(1)(B) provides that no members may make false, exaggerated, unwarranted or misleading statement or claim in any communication with the public. No member may publish, circulate or distribute any public communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

From on or about April 20, 2004, through on or about April 14, 2005, Miller allowed his GES customers to trade online through the Touchtrade website. Miller, however, never altered the Touchtrade website after the decision to operate as a branch office of GES, d/b/a Touchtrade, had been made. As a result, the Touchtrade website contained numerous statements that misleadingly portrayed Touchtrade as an active NASD member and broker/dealer, in violation of NASD Conduct Rules 2210(d)(1)(B) and 2110.

2. NASD Conduct Rule 2210(d)(1)(A) provides that all member communications with the public shall be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. No member may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communication to be misleading. In addition, NASD Conduct Rule 2210(d)(2)(C)(ii) states that all advertisements and sales literature must reflect any relationship between the member and any non-member or individual who is also named.

From on or about April 20, 2004, through on or about April 14, 2005, Touchtrade's website did not provide sufficient information to determine the

relationships existing between Touchtrade, GES and GES' clearing firm, in violation of NASD Conduct Rules 2210(d)(1)(A), 2210(d)(2)(C)(ii), and 2110.

3. NASD Conduct Rule 2210(e) provides that any violation by a member of any rule of the Securities Investor Protection Corporation ("SIPC") applicable to member communications with the public will be deemed a violation of this Rule 2210. SIPC Article 11, Section 4 provides for the official symbol, the official advertising statement, and the official explanatory statement of SIPC. In addition, Article 11 sets forth certain requirements, prohibitions, and other guidelines for the use of these official devices by members. Further, the term "official explanatory statement" as used in Article 11 shall be either: "Member of SIPC, which protects securities customers of its members up to \$500,000 (including \$100,000 for claims for cash). Explanatory brochure available upon request or at www.sipc.org;" or "Member of SIPC. Securities in your account protected up to \$500,000. For details, please see www.sipc.org."

From on or about April 20, 2004, through on or about April 14, 2005, Touchtrade's website did not contain the appropriate SIPC disclosures, as it contained language that paraphrased the coverage of SIPC, not the exact language required under Article 11, Section 4, and was, therefore, in violation of NASD Conduct Rules 2210(e) and 2110.

- B. I also consent to the imposition, at a maximum, of the following sanctions:

Miller shall be censured and shall be fined in the amount of \$16,000.

The sanctions imposed herein shall be effective on a date set by NASD staff.

III.

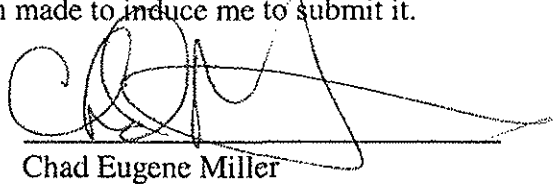
OTHER MATTERS

- A. I understand that I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD or its staff.
- B. I agree to pay any monetary sanctions imposed on me upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which I propose to pay any fine imposed.

- C. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

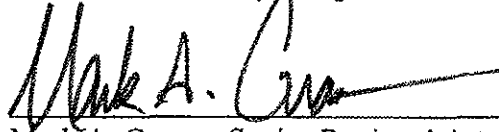
10/5/06
Date


Chad Eugene Miller

Accepted by NASD:

October 31, 2006
Date

Signed on behalf of the
Director of ODA, by delegated authority

A handwritten signature in black ink, appearing to read "Mark A. Graves", written over a horizontal line.

Mark A. Graves, Senior Regional Attorney
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(415) 882-1200

**NASD Associate Vice President
and District Director**

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